

Sustainability in Agribusiness: Setting Standards, Partnering for Solutions

Agriculture is the single most important economic sector and source of employment in emerging markets. In low-income countries, the agricultural sector often accounts for 60-80 percent of total employment and half of the country's gross domestic product.

Agribusiness is a strategic priority for IFC because of the sector's potential for broad development impact and its significant role in poverty reduction.

At the same time, we are working with our clients and their partners to make sustainability a business driver in agribusiness. Together, we are helping transform markets by defining principles of sustainable production for a variety of commodities and improving the standards under which those commodities are produced, processed and traded.

IFC also works with clients to strengthen their supply chains and ensure that risks, such as safety and labor issues, are identified and addressed. Through our clients, we support outreach that helps small farmers increase productivity and apply good environmental and social standards.

By 2050, there will be two billion more people in the world; a 70 percent increase in global food production will be needed to feed them. Most of the additional investment must come from the private sector. Sustainability, pressure on natural resources, climate change, and access to affordable food all present challenges, but also opportunities.

IFC is helping support agribusiness firms to do business in a sustainable way. For many, identifying and managing supply chain risks related to child and forced labor, conversion of natural and critical habitats, and loss of biodiversity represents a key challenge. IFC has developed a suite of new tools and resources, including the **Global Map of Environmental and Social Risks in Agro-Commodity Production**, that enhance our due diligence and ability to analyze potential risks.

WHAT IS THE GMAP?

The GMAP is an online tool, aligned to IFC's Performance Standards, which collects public information on environmental and social (E&S) risks for 235 country-commodity combinations (e.g. Brazil/soy, Ghana/cocoa, Vietnam/coffee).

Using a methodology aligned to IFC's Performance Standards, the GMAP facilitates financing decisions by assigning a color-coded risk score to each country-commodity combination: green (low risk; finance) or red (high risk, finance conditional on further due diligence).

This risk score helps users conduct systematic, high-level E&S due diligence associated with agro-commodity trade finance and short-term finance. In the case of direct investments (project or corporate finance) or other non-trade/short term finance investments through financial intermediaries, the GMAP can provide an early assessment of E&S risks related to agro-commodity production.

For high risk country-commodity combinations (red), the GMAP provides risk management guidance consistent with the supply chain requirements of IFC's Performance Standards.

WHY USE THE GMAP?

- The GMAP streamlines the E&S risk assessment and management review process as well as the due diligence process.
- It expedites financing decisions by providing a color-coded score and additional information related to individual country-commodity combinations.
- Supports financial intermediary (FI) clients to develop/strengthen their existing internal screening procedures for trade finance as part of their overall E&S management system.
- Supports agribusiness clients (traders) in undertaking a high-level risk assessment of their sourcing and defining their sustainability sourcing strategy.
- Provides further guidance on assessing high risk country-commodity combinations in order to tailor risk management efforts.